

SENATE BILL 2296
By Kyle

AN ACT to amend Tennessee Code
Annotated, Title 4; Title 5; Title 6;
Title 7; Title 9; Title 12; Title 43;
Title 45; Title 47; Title 48; Title 55;
Title 56; Title 57; Title 59; Title 60;
Title 61; Title 67; and Title 68,
relative to taxation

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-702(a), is amended
by deleting the language in subdivision (14) and substituting instead the following:

(14) "Retail sale" or "sale at retail" means any sale, lease, or rental for any purpose other
than for resale, sublease, or subrent.

SECTION 2. Tennessee Code Annotated, Section 67-4-702(a)(20), is amended by
inserting the following language between the first and second sentences:

"Tangible personal property" includes electricity, water, gas, steam, and prewritten
computer software. "Tangible personal property" does not include signals broadcast
over the airwaves.

SECTION 3. Tennessee Code Annotated, Section 67-4-702(a), is amended by adding
the following as a new subdivision:

() "Prewritten computer software" means computer software, including prewritten
upgrades, which is not designed and developed by the author or other creator to the
specifications of a specific purchaser. The combining of two or more "prewritten
computer software" programs or prewritten portions thereof does not cause the
combination to be other than "prewritten computer software." "Prewritten computer
software" includes software designed and developed by the author or other creator to the

specifications of a specific purchaser when it is sold to a person other than the purchaser. Where a person modifies or enhances computer software of which the person is not the author or creator, the person shall be deemed to be the author or creator only of such person's modifications or enhancements. "Prewritten computer software" or a prewritten portion thereof that is modified or enhanced to any degree, where such modification or enhancement is designed and developed to the specifications of a specific purchaser, remains "prewritten computer software"; provided, however, that where there is a reasonable, separately stated charge or an invoice or other statement of the price given to the purchaser for such modification or enhancement, such modification or enhancement shall not constitute "prewritten computer software."

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.